

## Посилання на статтю

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### **FEATURES OF KNOWLEDGE MANAGEMENT ACTIVITY IN PROJECT-ORIENTED BANKS**

The study concluded that successful knowledge management process in project-oriented banks needs specific project-oriented models, methods and instruments. Two models are suggested: model of presenting the project work breakdown structure considering activity of knowledge management and model of interaction for knowledge management creation with stakeholders of a project in bank. . Fig. 2, Ref. 18.

Key words: knowledge management, interactions, stakeholders, banks, project-oriented, communication.

**Умех Уче Адаезе**

### **ОСОБЛИВОСТІ ДІЯЛЬНОСТІ З УПРАВЛІННЯ ЗНАННЯМИ В ПРОЕКТНО-ОРИЄНТОВАНИХ БАНКАХ**

Показано, що для успішного управління знаннями в проектно-орієнтованих банках необхідно застосовувати специфічні проектно-орієнтовані моделі, методи та інструменти. Запропоновані дві моделі: представлення структури робіт з урахуванням діяльності з управління знаннями та взаємодії з зацікавленими сторонами для управління знаннями в банку. Рис.2, дж. 18.

**Умех Уче Адаезе**

### **ОСОБЕННОСТИ ДЕЯТЕЛЬНОСТИ ПО УПРАВЛЕНИЮ ЗНАНИЯМИ В ПРОЕКТНО-ОРИЕНТИРОВАННЫХ БАНКАХ**

Показано, что для успешного управления знаниями в проектно-ориентированных банках необходимо применять специфические проектно-ориентированные модели, методы и инструменты. Предложены две модели: представления структуры работ с учетом деятельности по управления знаниями и взаимодействия с заинтересованными сторонами для управления знаниями в банке. Рис.2, ист. 18.

**JEL 022**

## **INTRODUCTION**

**Problem statement in a general view.** One of the most challenging situations for knowledge management is the conditions of temporality and uniqueness in banks that are project-oriented. All projects have a scheduled end, a moment that may never be repeated, every project have has unique result which always produces new knowledge. These conditions intensify the need for proper interactions during projects so that we can register and share new knowledge. Not having the proper type of

interaction can lead to the risk of losing any kind of new knowledge by the end of project in these project-oriented banks.

Banking is not just a business of money but a business of information. The change in the global business environment has led banks to rationalize their products and services and examine the role of knowledge management in competitiveness improvement [1]. Managing knowledge is as important to banking industry as it is for any other kind of organization, the establishment of a knowledge sharing system should promote the workplace interaction, communication and knowledge sharing, especially in geographically dispersed organizations from the technological viewpoint [2, 3].

So, it is obviously that knowledge management is correlated to project management activity of a bank. And there is a need to manage them as integrated activities. But such approach requires appropriate methods and practical instruments which are not in traditional use yet.

***Analysis of the last researches including attempts to solve the problem, highlighting of its unsolved part.*** Usually these two kinds of activities (knowledge management and project management) are considered as separate ones, even if the organization is project-oriented.

Knowledge management is a strategic and systematic approach to capitalize on what an organization knows. One view of knowledge management defines it as the concept under which information is turned into actionable knowledge and made available in a usable form to the individuals who need it and can apply it to solving problems [4, 5]. According to Rach V. knowledge management of organizations as a manifestation and 'inclusion' of mechanisms in an environments of interaction for personalities-employees of an organization for the activation of informational communicative emotional component of their activity in order to get adequate towards the situation result owing to competent actions [6].

The basic functions for knowledge management systems involve the processes of data capture, storage, classification, and retrieval. Because these are typical functions inherent in any information system, the focus of most knowledge management systems initiatives tends toward the technology.

Project-oriented organizations have challenges in management of their knowledge, which arise from the nature of their activities. This aspect is discussed by Pinto [7], who asks: "How can we institutionalize and make these practices systematic, when by its very nature, project management represents a unique undertaking, one that is not long-term-process driven, but in every sense temporary?" Singularity and temporality, as indicated by the author, are essential to understanding the difficulty of managing knowledge in project-oriented organizations. Temporality means beginning and end defined: the project necessarily ends at some point, even if it takes years. The uniqueness is related to the creation of product, service or exclusive result. It's possible that some elements are repetitive (some team members, processes, materials), but that does not change a project's unique nature. This aspect differs from activities related to the operation of a company that has a constant repetition of elements, such as an assembly line or a routine within a functional area.

It indicates that temporality and uniqueness are major obstacles to organizational learning in environments geared towards projects, as the importance of processes that ensure knowledge of projects for the company as a whole is obvious. Pihlanto and Koskinen [8] base their work on several authors, in order to add some vulnerabilities of project-oriented companies: failure to bring development and learning into the organizational context, difficulty in connecting projects to the organization's business processes, lack of time for reflection during project implementation due to overly

optimistic schedules and constant lack of resources, meeting of people with highly specialized skills hindering the establishment of a common knowledge base.

Specifically in the banking sector organizations, which are oriented towards projects, as this business requires, this phenomenon is perceived due to invoice revenue being based on the allocation of its professionals (sale of working hours to customers). Once a project is completed, the project team is transferred to the next project. It is within this context that the difficulties of interactions for knowledge management processes should be directed; reflect on when project teams should have meeting and communicate on what has been learned, register for future use, disseminate to others in the organization. People in the organization must be willing to invest their time in this direction, to take advantage of the potential benefits of knowledge management.

Our previous study of different sources shows that knowledge management in project oriented organization should base on some specific baselines which correlate very close to the project management methodology. The significant role in their correlation belongs to interaction and communications. But for now the main studies in this field only state the existing problems and challenges, trying to understand them deeper. This proves the actuality to start looking for a new approach to manage knowledge in the project-oriented organizations.

**Aim of the article.** The study aimed to investigate how knowledge management and project management activities correlate in project-oriented organization on example of banks. The expectation is to add knowledge in Project Knowledge Management (PKM).

#### **MAIN FINDINGS**

**Basic part of the research.** Knowledge management in general allows the banks to gain speed and efficiency in decision making, because project teams do not need to reinvent already acquired knowledge. We know that projects are unique, but there are several common aspects that can be carried over to other new project, that is why interaction during knowledge management helps integrate the knowledge generated in projects to the knowledge of the organization as a whole for the use in later project.

Interaction in this study refers to the extent to which bank members interact with each other in terms of trust, communication and co-ordination. Other researchers have recognized the importance of interpersonal interaction for enabling knowledge behaviour among individuals [6, 9]. It can be argued that in a project-oriented banks the project teams may have different professions and back ground which makes them to seek relevant knowledge from each other [10, 11, 12]. It is also suggested that mutual understanding and trust among workers allow for project members to relinquish information [13]. Thus, trusting relationship improves the willingness of project members to interact in the process of exchanging and absorbing other knowledge, thereby leading to greater knowledge sharing [14, 15].

Because of the complexity of transforming individual's tacit knowledge into a shared understanding of explicit knowledge, the establishment of interactions networks is necessary for project members to foster the knowledge required for projects and to timely integrate knowledge across the organizational boundaries.

Research also shows that external environment and organizational culture have significant interaction impacts on knowledge accumulation capability on organizational innovation. The creation of new knowledge is attained via the interaction of implicit knowledge and explicit knowledge. The process of knowledge conversion, which includes four elements: socialization, externalization, combination, and internalization, is required to generate new knowledge [12]. At each stage of knowledge creation, communication tools and forms are commonly used between individuals and groups.

From one mode to another mode in knowledge conversion, some interaction and communication tools should be used by individuals and groups. Like knowledge creation, knowledge sharing also occupies a central position in the field of knowledge management [15]. In this study, for the project-oriented banks these interaction and communication tools are examined in three groups as verbal, written and electronic communication tools. Verbal communication is the mostly used tool in the organizational communication.

The recipient can not only hear the message but also observe the aims, emotions and ideas of the sender from the motions of his face and body. A language is required for direct or indirect verbal communication. Verbal communication tools provide the flowing of the verbal information so as to inform the workers about any subject. The most common samples for verbal communication are: conferences, seminars, face-to-face/telephone contacts and meetings. On the other hand, written communication is also frequently used in the organizations. Especially in the growth process, organizations apply written communication for widening policies and standards. Also, in bureaucratic organizations orders and announcements are written usually. Top management orders, directions, policies and strategies are forwarded to the lower levels with up to down interaction during communication by internal correspondences. Similarly, the lower levels forward the facility reports and documents to top management by down to up communication.

In project oriented bank significant part of activity is implemented as projects of different types. Having many differences all of these projects have common thing – interaction as a base of common activity of many parties involved, communications between them, producing, sharing and using knowledge. This means that all activities in knowledge management are connected (tied) with projects. Projects create the context and this context then defines goals and aims, tasks, methods, instruments and other things of knowledge management.

In order to reflect this connection in project-oriented bank we used the known model of interaction in project [16]. This model allows to show the points of interaction where every stakeholder involved in the process of knowledge creation has various meetings so as to interact and have communications to enable the process of creating knowledge which will help these organizations (fig.1). As one can see the list of stakeholders is specific to a bank and includes financial analyst, business community and associations, project management team (manager and members) and employees of a bank, and team of informational-interactive support.

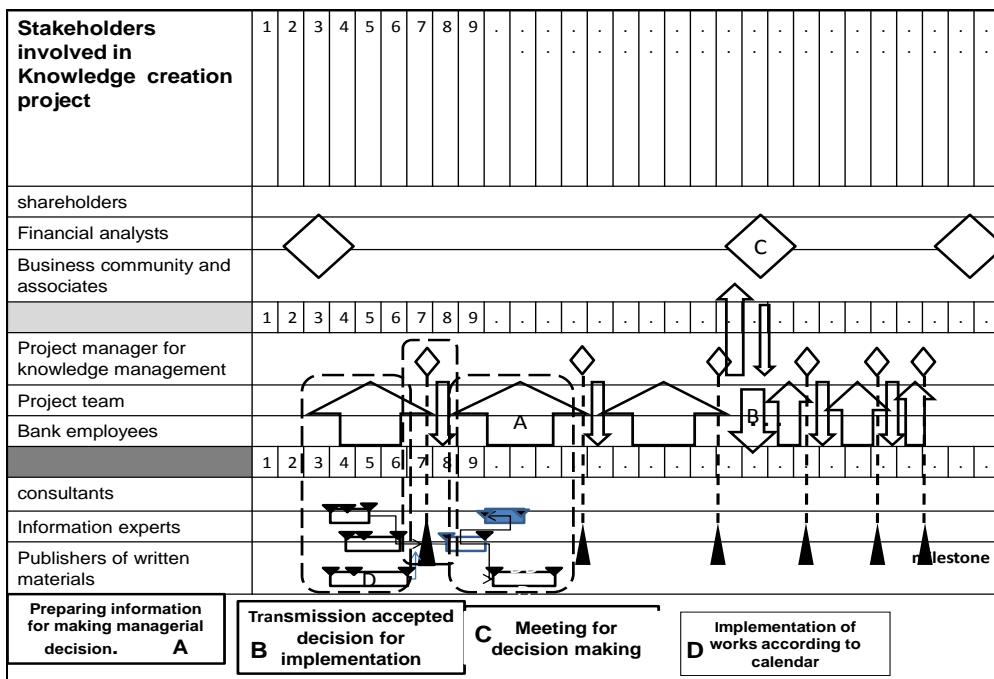


Fig 1. The model of interaction for knowledge management creation with stakeholders of a project in bank

From the proposed model above (fig. 1) we can see the exchange of information and ideas to achieve an action through communication and documentation, through the transfer of different conceptions into theoretically systematized valid form, retention of what can be saved, transferred, developed as a firm support to the further the activity of people accomplished through knowledge [6]. Having interaction is a very essential part in any project-oriented bank in the creation of knowledge within projects associated with the phases of project management, referring to knowledge of project management methodologies and interactions practices in projects. Knowledge transfer efforts are most likely to be successful if the parties have interaction aligned and when this is missing, there is high probability of so many information will not get to be documentation.

This kind of interaction means that activity for knowledge management creation is considered as a part of the project scope [17, 18]. We suggest that it may be additional branch of works in the work breakdown structure of a project within the separate working space. Graphically it may be presented as shown at fig. 2.

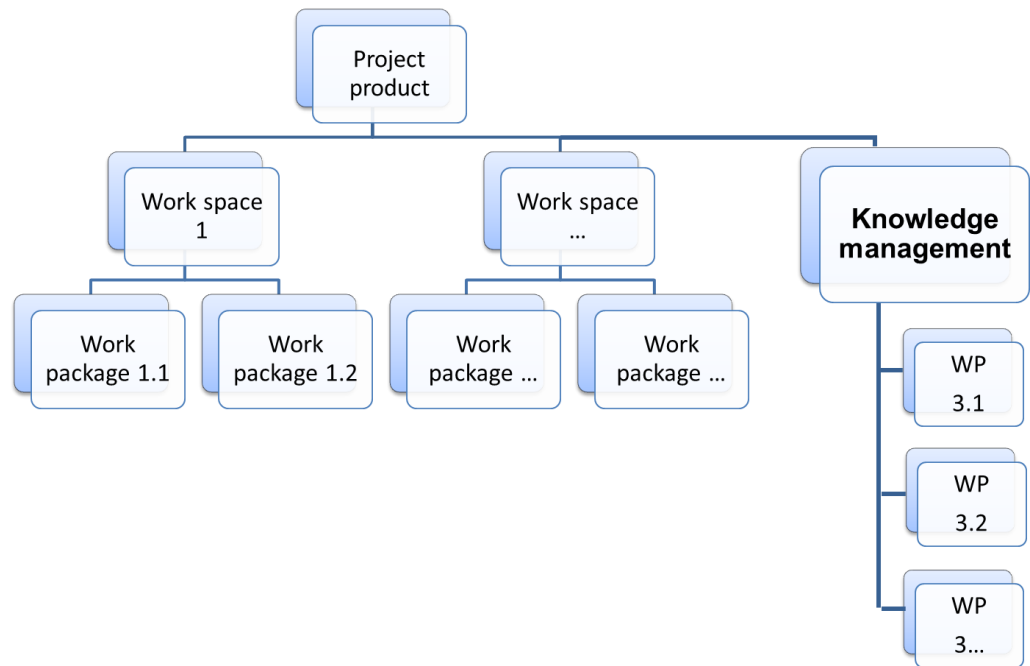


Fig. 2. Model of presenting the project work breakdown structure considering activity of knowledge management

**Conclusions and prospects of further researches.** This study develops a conceptual model to examine the interaction between stakeholder in project-oriented banks who are in a project of and knowledge management. The key point is that project-oriented banks should invest more time for interaction because it has beneficial effects on knowledge management through increasing trust, communication, and coordination behaviours among employees. In addition, the present results are also quite instructive in helping to explain the effects of organizational structure on knowledge management. In general if the characteristics of organizational structure are less centralized, less formalized, and more integrated, the social interaction among organizational members would be more favourable and then the levels of knowledge management would be more enhanced. Organizational structure can lead to favourable social interaction and, in turn, results in a higher degree of knowledge sharing and application. Thus, social interaction plays a mediating role in the relationship between organizational structure and knowledge management.

The future role of knowledge management in the banking industry, like every other management concept, depends upon its ability to contribute to stakeholder value. One of the main conclusions of this research was that the communication alone by themselves are not the most relevant point to make for suitable knowledge management, but rather the creation of an environment conducive for interaction to take place for the creation, sharing, storage and retrieval of knowledge. It was found that when there is a conducive environment; people develop and apply the most diverse practices to interact for knowledge management, i.e., the creation, sharing, storage and retrieval of knowledge. Whether through formal practices, often involving several people, or informal ones, without a defined frequency and between two

people, the organization's professionals promote the necessary practices when the context of the organization is favourable.

In addition, it was found that there are no best practices for knowledge management in a generic way, but best practices for each context.

Given the overall goal of the study - to investigate how interaction of knowledge management and project management processes can relate productively in project-oriented organizations - it was identified that Knowledge Management contributes to project management through increased efficiency (reusing available knowledge, rather than reinventing it, allowing for shorter delivery time), improving individual skills (sharing provides the basic ingredient, knowledge, to lead to the development of skills) and the accumulation of organizational knowledge (allows for adding value to projects). It was found that the interactions also bring benefits to knowledge management. Interactions during projects are vehicles of knowledge creation in the organization. That's because they are carried out to solve a need or problem and, in developing the solution, generate new knowledge. Furthermore, they integrate the business areas and force the sharing of knowledge among people who normally would not converse.

As recommendations for future studies, there are several paths to be followed, especially when one considers fields as vast as project management and knowledge management.

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